

COMPANY NUMBER: 372877



S.M.C. (TEXTILES) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED

30th JUNE 1997

AUDITORS

CLOUGH & COMPANY
CHARTFORD HOUSE
54, LITTLE HORTON LANE
BRADFORD
WEST YORKSHIRE
BD5 OBS

TEL: (01274) 735724

FAX: (01274) 370764

AUDITORS' REPORT TO
S.M.C. TEXTILES LIMITED

UNDER SECTION 247B
OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 4 together with the full financial statements of the company for the year ended 30th June 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246 (5) and (6) of the Act to the Registrar of Companies and whether the accounts are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the financial statements.

Fundamental Uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in note 1a of the financial statements concerning the uncertainty as to the continued support of the creditors. In view of the significance of this uncertainty we consider that it should be brought to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts in accordance with sections 246 (5) and (6), and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with those provisions.

Chartford House,
54, Little Horton Lane,
BRADFORD, BD5 0BS



CLOUGH & COMPANY
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS
29TH APRIL 1998

S.M.C. TEXTILES LIMITED

COMPANY NO. 372877
ABBREVIATED BALANCE SHEET

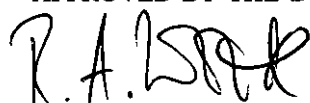
as at 30th JUNE

	Note	1997	1996
FIXED ASSETS			
Tangible fixed assets	2	12751	-
CURRENT ASSETS			
Stocks - work in progress		15703	-
Debtors		283430	38470
Cash at bank		18	-
		<u>299151</u>	<u>38470</u>
CREDITORS - amounts falling due within one year	3	296054	207
		<u>3097</u>	<u>38263</u>
NET CURRENT ASSETS			
		<u>£15848</u>	<u>£38263</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	4	6500	6500
Profit and loss account		8971	31386
Capital reserve		377	377
		<u>£15848</u>	<u>£38263</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>£15848</u>	<u>£38263</u>

The accompanying notes form part of these abbreviated accounts.

In preparing the abbreviated accounts the directors have taken advantage of the provisions of part VII of the Companies Act 1985 applicable to small companies.

APPROVED BY THE BOARD ON THE 22nd April 1998



R.A. WOOD
DIRECTOR

S.M.C. TEXTILES LIMITED

NOTES FORMING PART OF THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1997

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards.

The accounting policies, for dealing with items judged material or critical, in stating the results for the year and the financial position of the company, are:-

a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost basis of accounting, and include the results of the activities described in the directors report, all of which are continuing.

Going concern

The company's continuing ability to carry on trading is dependant on the continued support of its creditors. The directors have received representations from certain creditors, indicating their intention of this continued support. Consequently it is considered appropriate to prepare the financial statements on a going concern basis.

b) TURNOVER

Turnover represents the invoiced amounts of services provided to customers, net of value added tax.

c) DEPRECIATION

Depreciation is provided on all tangible assets at rates calculated to write off the cost or valuation, less residual value, based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Plant and machinery: 15% per annum reducing balance

d) WORK IN PROGRESS

Work in progress is valued at the lower of cost and net realisable value.

e) DEFERRED TAXATION

Provision is made for deferred taxation, using the liability method, in respect of material timing differences that are expected to reverse in the future.

2. TANGIBLE FIXED ASSETS

	Plant and Machinery
COST	
Additions	15002
	—
At 30th June 1997	£15002
	=====
DEPRECIATION	
Provision for the year	2251
	—
At 30th June 1997	£2251
	=====
NET BOOK VALUE - 1997	£12751
	=====
NET BOOK VALUE - 1996	£ -
	=====

S.M.C. TEXTILES LIMITED

NOTES FORMING PART OF THE ABBREVIATED ACCOUNTS (CONTINUED)

3. CREDITORS - amounts falling due within one year

Included within creditors is a loan of £223,521 from H.S. Wood Directors' Pension Scheme. The loan is unsecured and bears interest at 3% over base rate. The Pension Scheme has given an undertaking that it will not require repayment in priority to other creditors of this company.

4. SHARE CAPITAL

Authorised

8000 ordinary shares of £1 each

£8000 £8000

Allotted, called up and fully paid

6500 ordinary shares of £1 each

£6500 £6500

5. RELATED PARTY TRANSACTIONS

Mr. R.A. Wood and Mr. S.C. Wood have the following interests in the material transactions with DHC (Bradford) Limited, GBU (Northern) Limited and H.S. Wood (Textiles) Limited by virtue of their shareholdings and also have interests in the material transactions with H.S. Wood Directors Pension Scheme by virtue of them being trustees and members of the scheme.

	H.S. Wood Directors Pension Scheme		H.S. Wood (Textiles) Limited	
	1997	1996	1997	1996
	£	£	£	£
Amounts due to	223522	-	-	-
Amounts due from	-	-	226057	38470
Interest receivable from	-	-	2374	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The property from which the company trades is an asset of DHC (Bradford) Limited and the machinery used by the company is an asset of GBU (Northern) Limited during the period of trading, the company has benefitted from a rent free period in respect of these assets.

6. CONTINGENT LIABILITIES

The company is party to certain banking guarantees. The maximum liability which could have arisen under such guarantees at 30th June 1997 was £924,624.

7. ULTIMATE CONTROL

Ultimate control lies with the board of directors.